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# Problems with rapid tests kits

The government buys kits from inexperienced companies linked to the PNP leadership

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(EFE)

Amid the coronavirus emergency, the government committed more than \$40 million to the purchase of rapid tests to detect COVID-19 infections from companies without any experience in medical products, but run by people with close ties to the New Progressive Party (PNP), at costs far above their value on the international market and without any guarantee that the U.S. government would authorize their use in Puerto Rico.

As a result of these actions, the largest order - a \$38 million purchase of rapid tests from a small construction company in Puerto Rico that had

never sold medical products - was canceled because the shipment did not arrive on the date agreed, nor did it have federal government approval. The Health Department had to invest time and resources re-labeling those that did arrive, and agency officials are under administrative and criminal investigation, according to Health Secretary Lorenzo González.

Also, as a result of this, weeks after Governor Wanda Vázquez promised the arrival of hundreds of thousands of tests to COVID-19 infections in minutes, only about 7,000 started to be distributed last Saturday.

"Anyone who has tried to profit from the island's pain and sorrow, at a time like this, which is the biggest crisis of the century, will have to take responsibility," said Secretary González in an interview with El Nuevo Día yesterday.

The National Emergency Management and Disaster Administration (NMEAD) made the biggest purchase to the small construction company Apex General Contractors, owned by a regular PNP donor who made his debut in the field of medical products with this monumental transaction.

The Health Department made two other purchases from a company that, until a few days before this was certified to provide computer, technology, construction, infrastructure restoration, and maintenance services.

When the coronavirus began to spread in Puerto Rico, this company, 313 LLC, changed its objectives to incorporate medical services, according to the Department of State Registry of Corporations. Less than a week later, it was making multi-million dollar sales of coronavirus rapid tests to the Puerto Rican government, according to multiple documents El Nuevo Día analyzed.

Both companies, Apex General Contractors and 313 LLC, have been

linked to Grupo Lemus, a consulting and lobbying firm founded in 2018 by Juan Suárez Lemus, a PNP activist with close ties to top figures in the community, according to the newspaper's investigation.

By press time, Suárez Lemus had not answered messages left on his cell phone.

Asked about this issue, the governor said last night that she has no relationship with the businessmen linked to the PNP who participated in these proceedings. "Firstly, I don't have any relationship with them, and secondly, I had nothing to do with the contracts, with the purchase orders. The media has all these documents, the Health secretary gave them to them," she said.

Asked by El Nuevo Día why she had no information about the purchase of rapid test kits for \$40 million, the governor said she had no reason to doubt the actions of the former Health Department leadership. But she stressed that the new Health secretary canceled the purchase.

## **Overpriced sales contracts**

The two companies sold the equipment to the government for substantially higher prices than these tests cost in the market, and even at a cost up to three times higher than another Puerto Rican company with extensive experience in the field of medical products, which also did business with Puerto Rican authorities in the past few days, according to the documents examined.

Las pruebas en el centro de esta controversia son las del tipo serológico, también llamadas “pruebas rápidas”, que pueden detectar los anticuerpos que produce el coronavirus e indicar si la persona padece o ha padecido recientemente la enfermedad.

The tests at the heart of this controversy are the serological type, also called "rapid tests," which can detect the antibodies produced by the coronavirus and indicate if the person is or has recently been infected.

Apex General Contractors bought the tests it intended to sell to NMEAD from the Australian company Promedical for \$38 each. General José Burgos, NMEAD's commissioner, explained that he authorized the purchase at the request of Adil Rosa, who was in charge of purchases at the Health Department until Secretary González recently fired her. Before making the order, he said, he consulted with the Office of Management and Budget (OMB), whose director, Iris Santos Díaz, approved the purchase and disbursement.

"I didn't know at the time how much a 'rapid kit' cost, whether it was \$1, \$10, or \$20. I was told, 'I have this supplier who says he can sell us a million tests, and I need to verify if I can order them. I said, 'I can't give you that order because what I do here is take the supplies from the Health Department and turn what they ask me for into a purchase order. Then I check with OMB," Burgos told El Nuevo Día.

The order was made with the promise that the shipment would be delivered on March 31. The government disbursed half of the \$38 million total purchase amount to Apex.

The shipment never arrived. On Friday, Secretary González issued a written order canceling the order and requesting to return the \$19 million deposit, because the tests were not approved by the U.S. Food and Drug Administration.

The company's owner, Robert Rodríguez López, told El Nuevo Día that on Saturday he completed the transaction to return that deposit.

The businessman said that he had diversified the operations of a roasting business and had begun searching for hygiene and personal protective products such as gloves and masks. Then, he received the offer for the tests and came up with the idea of selling them to the Health Department. Although the Health secretary and Commissioner Burgos said that at the time the order was made, the tests were not

authorized by the FDA, this businessman claimed that they were approved and that it was part of the documentation he took to the government.

According to Rodríguez López, his legal advisor Juan Maldonado helped him in the arrangements to sell his products to the government. Maldonado is a former Transportation & Public Works deputy secretary who was also the last director of the Maritime Transportation Authority and was fired in February 2019 after a scandal broke when it was revealed that he had authorized the use of one of the service boats to Vieques to transport equipment for a wedding.

### **Debut in the medical business**

Rodríguez López did not specify how much the tests cost him. He acknowledged that he had never worked with medical products, but, he added, he had never been involved in coffee either until he set up his coffee roasting business. He said he could still bring the tests if the government changed its mind.

"The supplier still has the tests and is willing to supply them if the opportunity arises," he said.

Maldonado appears on LinkedIn as a partner at Grupo Lemus but told this newspaper that he has not worked with that group since last December.

Apex General Contractors had contracts for \$4.2 million during the administrations of Luis Fortuño and Ricardo Rosselló Nevares, all in the area of construction and maintenance. Rodríguez López, on the other hand, made substantial contributions to the campaigns of Rosselló Nevares, former Resident Commissioner and candidate Pedro Pierluisi, and Senate President Thomas Rivera Schatz between 2015 and 2017, according to the Electoral Comptroller's Office.

Meanwhile, 313 LLC sold the other tests directly to the Health



Department. 313 LLC manager is Ricardo Vázquez who is also an agent of Grupo Lemus.

On March 20 and 24, 313 LLC sold 1,500 tests for \$45 each and 100,000 tests for \$36 each, for a total of \$3.6 million, according to invoices released by Telenoticias journalist Nuria Sebazco.

313 LLC was registered in 2018 to do business in the area of technology, construction, infrastructure restoration, and maintenance.

Last March 18, it changed the objectives to add the area of medical services, according to the State Department's Registry. Just a few days later, it was selling coronavirus tests to the government of Puerto Rico.

Until last Saturday, Grupo Lemus' web page displayed not only its services but multiple photos of the Guaynabo-based firm's directors with PNP leaders. The page was closed Saturday afternoon. Suárez Lemus, the group's founder, was a contributor to the PNP's platform for the 2008 elections, according to that party's documents.

He is also a regular donor to several PNP leaders campaign committees, including Rosselló Nevares, Rivera Schatz, Senator Eric Correa, Representative José Enrique "Quiquito" Meléndez, San Juan mayor candidate Leo Díaz, and former PNP representative Carlos Flores Vega.

On May 4, 2017, former Governor Rosselló Nevares posted a photo on his Twitter account with former government chief Information officer Luis Arocho and Transportation and Public Works Secretary Carlos Contreras. "Meeting with Juan Suárez Lemus, from Grupo Lemus," the photo said. Maldonado, Apex's lawyer, was then Contrera's deputy secretary.

## **High costs**

Usually, the cost of serological tests varies between \$1 and \$7. The very high demand generated by the coronavirus pandemic has pushed prices

up to \$16 in some cases. Sources indicated that they could not find any supplier selling tests for \$ 38, the price Apex general contractors intended to charge, or for \$36 or \$45, the price of those sold by 313 LLC.

A source showed this newspaper a copy of a quotation by NOVA, the Chinese test that 313 LLC sold to the Department of Health: 500,000 of those tests were offered for \$2.30 each.

The secretary said he was concerned that the tests had been overpriced. "One might presume that at a time when the demand is higher than the supply, there might be some kind of increase. But it's not a 1,000 percent increase," González said.

During those days when the government bought these tests at these prices from companies related to Grupo Lemus, it bought 50,000 molecular tests, which are more complex and usually more expensive, from Castro Business, which has been in the medical products business since 1975, at \$13 per test, for a total of \$650,000.

When they bought these tests, the government had no guarantee that the FDA would authorize their use in Puerto Rico. Last week, Health Department officials met with FDA officials, set the rules of the game and from now they will only buy tests from companies that have been preauthorized by the U.S. government.

NMEAD commissioner said that the people who used to sell, for example, solar heaters, cannot be now COVID-19 rapid testing experts.

Secretary González said he referred all agency officials involved in these transactions to the Health Department Law Division to see if there is anything out of the ordinary and then proceed with the appropriate referrals.

González said the FBI and the U.S. Department of Health and Human Services' Office of the Inspector General are requesting information



from the agency. "They are asking for information. They have not said why. But they have asked for information on the e-mail accounts of people who worked in the department," he said.

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